

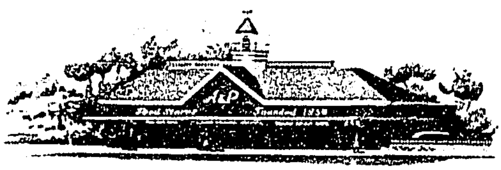

# The Great Atlantic & Pacific Tea Company, Inc.

FOR THE YEAR ENDED FEBRUARY 27


## "ANN PAGE PROVES FINE FOODS NEEDN'T BE EXPENSIVE"

The widely diversified line of fine food products above, are produced by one of the manufacturing Divisions of your Company. The major items, other than tea, are sold under the Ann Page label and provide ever growing numbers of A&P customers with fine quality at low prices. These, together with other famous A&P branded items, contribute greatly to the aim of the Company in providing more and better foods to more people for less money . . . and to the success of A&P as a responsible member of the business community.

*Where Millions Shop*
*with Confidence Every Day*



# The Great Atlantic & Pacific Tea Company, Inc.

## OFFICERS

RALPH W. BURGER, *Chairman of the Board and President*
JOHN D. EHRGOTT, *Vice President and Treasurer*
HARRY B. GEORGE, *Vice President*
STEPHEN W. SHEA, *Vice President*
JOHN J. REILLY, *Secretary*

## DIRECTORS

OLIVER C. ADAMS
RALPH MANNING BROWN, JR.
FRANCIS H. BUCHER
*RALPH W. BURGER
JOHN L. BURNS
*WILLIAM M. BYRNES
HAROLD W. CARVER
LAWRENCE M. CAZAYOUX
JAY E. CRANE
DONALD KIRK DAVID
*JOHN D. EHRGOTT
*HARRY B. GEORGE
WILLIAM F. LEACH
GWILYM A. PRICE
JOHN J. REILLY
*ELMER L. REYNOLDS
*STEPHEN W. SHEA
JOHN ELLIOT SLATER
JOSEPH P. SMITH
ROBERT M. SMITH

**Members of the Executive Committee*

EXECUTIVE OFFICES: 420 Lexington Avenue, New York 17, New York

TRANSFER AGENT: Morgan Guaranty Trust Company of New York
New York, New York

REGISTRAR: The First National City Bank of New York
New York, New York

# Comparative Highlights

| | YEAR ENDED | | |
|---|---|---|---|
| | February 27, 1960 (52 Weeks) | February 28, 1959 (53 Weeks) | February 22, 1958 (52 Weeks) |
| Sales | $5,048,574,241 | $5,094,741,391 | $4,769,249,488 |
| Income Before Income Taxes | 108,496,369 | 118,905,170 | 110,666,686 |
| United States and Canadian Income Taxes | 56,500,000 | 65,000,000 | 60,000,000 |
| Net Income | 51,996,369 | 53,905,170 | 50,666,686 |
| Earnings Per Share* | 2.33 | 2.42 | 2.27 |
| Stockholders' Equity | 453,430,044 | 419,824,195 | 384,355,540 |
| Current Assets | 473,038,484 | 467,169,501 | 434,049,968 |
| Current Liabilities | 215,639,084 | 221,518,620 | 206,309,116 |
| Property, Equipment, and Fixtures, less depreciation and amortization | 187,860,723 | 167,807,184 | 151,288,429 |

*Based on 22,284,983 shares outstanding at February 27, 1960.

# To Our Stockholders

YOUR corporation's centennial celebration year just ended on February 27, 1960 showed peak sales and earnings for any 52-week year, and was exceeded only by the 53-week year preceding it. This 53-week period occurs under our accounting system every six years.

This successful performance was in the face of a declining food price level as compared with the preceding year and several regrettable work stoppages which prevented the accomplishment of an all-time peak.

## FINANCIAL

Elsewhere in this report our gross sales for fiscal 1959 are reported at $5,049,000,000 and our net income at approximately $52,000,000. We maintained the established quarterly dividend rate of 20 cents during the first three quarters and increased this payment to 25 cents in the fourth quarter.

Cash dividends of 85 cents per share, totaling $18,390,000, were paid to our stockholders during the year. Additionally, a stock dividend at the rate of three shares for each 100 shares held was paid on February 24, 1960.

As I noted in my message to the stockholders a year ago, we are engaged in the most competitive business in the world. To maintain our leadership in the field of food distribution it is necessary that we retain, out of profits, sufficient working capital to keep pace with

the changing patterns and population shifts that are constant in our evolutionary society.

Net earnings in 1959 represented slightly more than one cent on each sales dollar, a sales-profit ratio based on a policy of delivering the most good food for the lowest cost.

This policy, envisioned and put into practice by our founder, has accounted through the years for the success and prosperity of your company.

## FACILITIES

During the past year our store development program was accelerated on a basis that was both steady and economically sound, consistent with population shifts, suburban expansion and the changing patterns of consumer demands. During fiscal 1959 we opened 237 new stores, modernized another 413, and closed 213. Many of the latter were replaced by the new stores in neighboring locations. At the end of the period, we had in operation 4,276 stores as compared with 4,252 located in 37 states, the District of Columbia and Canada at the conclusion of the previous year.

It is anticipated that our development will be maintained on a similar basis during the current fiscal year.

## CONCLUSIONS

Your Board of Directors is acutely conscious of the grave responsibility it has to its stockholders, its customers, its employees and its suppliers. To keep these obligations in proper perspective while at the same time retaining a sound competitive position in our industry is a necessity that must and shall be the first order of business.

How we plan to meet this challenge is no secret. Considering the established fact that the welfare of our stockholders, our loyal fellow workers and the thousands of individuals, cooperatives and firms that supply us with merchandise is tied directly to our success in the retail market place, we will continue to concentrate our efforts on providing the American family with quality merchandise, courteous service and pleasant shopping conditions at the lowest possible fair prices.

CHAIRMAN AND PRESIDENT

May 17, 1960

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.
*and Subsidiary Companies*

# Consolidated

FEBRUARY 27, 1960

## Assets

| | February 27, 1960 | February 28, 1959 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash | $159,596,563 | $148,222,605 |
| United States and Canadian Government obligations — at cost | 15,941,969 | 36,733,451 |
| Accounts receivable | 10,161,318 | 10,089,205 |
| Merchandise and supplies (at the lower of cost or market) | 287,338,634 | 272,124,240 |
| Total current assets | 473,038,484 | 467,169,501 |
| PROPERTY, EQUIPMENT, AND FIXTURES: | | |
| Land, at cost | 1,900,021 | 916,699 |
| Buildings, at cost less accumulated depreciation — 1960, $6,220,685; 1959, $6,091,624 | 2,256,908 | 2,448,691 |
| Equipment, at cost less accumulated depreciation — 1960, $99,740,267; 1959, $91,055,608 | 137,364,847 | 125,022,733 |
| Store fixtures, at amortized cost | 46,338,947 | 39,419,061 |
| Property, equipment, and fixtures — net | 187,860,723 | 167,807,184 |
| DEFERRED CHARGES | 13,717,803 | 12,211,679 |
| TOTAL | $674,617,010 | $647,188,364 |

## Notes to Financial Statements

1. The activities of the companies are conducted in leased premises, except for a few manufacturing and warehousing operations. The leases are for varying periods (generally for 3 to 10 years), renewable in most instances at the option of the companies. At February 27, 1960 the companies were lessees under approximately 4,600 leases (exclusive of premises where operations had not commenced), with an annual rental of approximately $56,500,000.

# Balance Sheet

AND FEBRUARY 28, 1959

## Liabilities

| | February 27, 1960 | February 28. 1959 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts payable | $149,266,224 | $135,910,886 |
| Accrued accounts: | | |
| United States and Canadian income taxes | 32,536,319 | 53,154,671 |
| Other taxes, salaries, etc. | 33,836,541 | 32,453,063 |
| Total current liabilities | 215,639,084 | 221,518,620 |
| RESERVES FOR SELF-INSURANCE, ETC. | 5,547,882 | 5,845,549 |
| CAPITAL STOCK AND SURPLUS: | | |
| Common stock — $1 par value; authorized 28,000,000 shares; issued 1960, 22,284,983 shares; 1959, 21,635,906 shares. | 22,284,983 | 21,635,906 |
| Capital surplus | 273,924,978 | 250,000,000 |
| Earned surplus | 157,220,083 | 148,188,289 |
| Total capital stock and surplus | 453,430,044 | 419,824,195 |
| TOTAL | $674,617,010 | $647,188,364 |

Since February 27, 1960, the companies' modernization program has involved the customary substantial expenditure, made or to be made, for new store leases, equipment, and inventories.

**2.** Under the terms of a group annuity contract to provide non-contributory retirement benefits to eligible employees, contributions by the companies, including amounts for past service benefits, were $18,657,400 and $21,112,338 for the period ended February 27, 1960 and February 28, 1959, respectively. The estimated remaining past service contributions under the plan amounted to approximately $23,240,000 at February 27, 1960.

**3.** Cost and expenses include depreciation and amortization of $31,800,832 and $28,655,799 for the period ended February 27, 1960 and February 28, 1959 respectively.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.
*and Subsidiary Companies*

# Statement of Consolidated Income and Earned Surplus

FOR THE PERIOD ENDED FEBRUARY 27, 1960 AND FEBRUARY 28, 1959

| | 52 Weeks February 27, 1960 | 53 Weeks February 28, 1959 |
|---|---|---|
| Sales | $5,048,574,241 | $5,094,741,391 |
| Cost of Merchandise Sold | 4,277,857,199 | 4,337,197,513 |
| Gross Profit | 770,717,042 | 757,543,878 |
| Store Operating, General and Administrative Expenses | 663,424,509 | 639,639,936 |
| Profit from Operations | 107,292,533 | 117,903,942 |
| Other Income — net | 1,203,836 | 1,001,228 |
| TOTAL | 108,496,369 | 118,905,170 |
| United States and Canadian Income Taxes | 56,500,000 | 65,000,000 |
| Net Income | 51,996,369 | 53,905,170 |
| Earned Surplus at Beginning of Period | 148,188,289 | 322,123,240 |
| Earned Surplus of Merged Company | | 3,339,400 |
| TOTAL | 200,184,658 | 379,367,810 |
| Deduct: | | |
| Cash dividends: | | |
| First preferred stock — 1959, $5.25 a share | | 1,361,126 |
| Common stocks (old) — 1959, $3 a share | | 6,257,436 |
| Common stock (new) — 1960, $.85 a share; 1959, $.50 a share | 18,390,520 | 10,817,953 |
| Stock dividend, 3%: | | |
| Par value of shares issued | 649,077 | |
| Excess of market value over par value of shares issued — transfer to capital surplus | 23,924,978 | |
| Transfer to capital surplus | | 212,743,006 |
| TOTAL | 42,964,575 | 231,179,521 |
| Earned Surplus at End of Period | $ 157,220,083 | $ 148,188,289 |

*See the accompanying Notes to Financial Statements*

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL NEWARK BUILDING
NEWARK 2

## ACCOUNTANTS' OPINION

To the Board of Directors of
The Great Atlantic & Pacific Tea Company, Inc.:

We have examined the consolidated balance sheet of The Great Atlantic & Pacific Tea Company, Inc. and its subsidiary companies as of February 27, 1960, and the related statement of consolidated income and earned surplus for the 52 weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income and earned surplus present fairly the financial position of the companies at February 27, 1960 and the results of their operations for the 52 weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Haskins & Sells

May 6, 1960.